



June 26, 2009

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Personal Automobile Policy Revisions

The Commissioner of Insurance has approved on behalf of all member companies of the North Carolina Rate Bureau, revisions to the Personal Auto Policy Program. The revision is introducing a new mandatory Endorsement NC 00 13 10 09 - Amendatory Endorsement which replaces the current NC 00 11 05 08 - Amendatory Endorsement.

This change becomes effective in accordance with the following Rule of Application:

This change is applicable to all new and renewal policies written on or after January 1, 2010.

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Please see to it that this circular is brought to the attention of all interested personnel in your company.

Very truly yours,

Wayne B. Hinton

Automobile Manager

WBH:dms

A-09-4

Amendatory Endorsement

This endorsement is a part of your policy. Except for the changes it makes, all other terms of the policy remain the same and apply to this endorsement.

1. Part A - LIABILITY COVERAGE

Part A is amended as follows:

Exclusion 2. is deleted and replaced by the following:

We do not provide Liability Coverage for any **insured**:

2. For **property damage** to property:
 - a. owned in whole or in part by that **insured**; or
 - b. being transported by that **insured**;

2. Part C1 - UNINSURED MOTORISTS COVERAGE

Part C1 is amended as follows:

- A. The third paragraph of **Limit of Liability** is deleted and replaced by the following:

The limits of bodily injury liability shown in the [Schedule or] Declarations for each person and each accident for this coverage shall be reduced by all sums:

1. Paid because of the **bodily injury** by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part A; and
2. Paid or payable because of the **bodily injury** under any disability benefits law or any similar law.

The most we will pay for **bodily injury** damages to an **insured** under this coverage is the lesser of:

1. the limit of bodily injury liability shown in the [Schedule or] Declarations for each person for this coverage reduced by all sums described in items 1. and 2. of the preceding paragraph; or

2. the damages sustained by the **insured** for **bodily injury** reduced by:

- a. all sums described in items 1. and 2. in the preceding paragraph; and
- b. all sums paid or payable because of the **bodily injury** under any workers' compensation law. However, this reduction does not apply to the extent that an employer's lien is required to be paid under North Carolina's workers' compensation law.

The limit of property damage liability under this coverage shall be reduced by all sums paid because of the **property damage** by or on behalf of persons or organizations who may be legally responsible. This includes all sums payable under Part A.

- B. The first paragraph of **Arbitration** is deleted and replaced by the following:

If we and an **insured** do not agree:

a1. Whether that **insured** is legally entitled to recover compensatory damages from the owner or driver/operator of an **uninsured motor vehicle**; or

b2. As to the amount of such compensatory damages;

then the **insured** may demand to settle these disputed issues by arbitration. If an **insured** files a lawsuit against us or an owner or operator of an **uninsured motor vehicle** seeking damages that are the subject of the claim for ~~an~~Uninsured ~~an~~Motorists ~~e~~Coverage under this policy, the **insured** shall have the right to demand arbitration only if such lawsuit is filed within the time limit required by the law

~~of the state where the accident occurred for filing a lawsuit against the owner or operator of the **uninsured motor vehicle** for the damages arising out of the accident and only if the **insured** gives us a written demand for arbitration within (30) days after the filing of such lawsuit.~~

~~If:~~

~~1. We and an **insured** do not agree:~~

~~a. Whether that **insured** is legally entitled to recover compensatory damages from the owner or driver of an **uninsured motor vehicle**; or~~

~~b. As to the amount of such damages;~~

~~and~~

~~2. That **insured** has not filed a lawsuit against us to settle the dispute;~~

~~then the **insured** may demand to settle the dispute by arbitration.~~

C. Item 5. of **Arbitration** is deleted and the remaining paragraphs are renumbered appropriately. and replaced by the following:

~~5. Any arbitration action against us must begin within the same time limit required by the laws of the state where the accident occurred for filing a lawsuit against the owner or operator of the **uninsured motor vehicle** for the damages arising out of the accident. The starting point for this time period is the date on which the cause of action accrues against the owner or operator of the **uninsured motor vehicle** in the state where the accident occurred.~~

3. Part C2 - COMBINED UNINSURED/UNDER-INSURED MOTORISTS COVERAGE

Part C2 is amended as follows:

A. The fourth and fifth paragraphs of **Limit of Liability** are deleted and replaced by the following:

The limits of bodily injury liability shown in the [Schedule or] Declarations for each person and each accident for this coverage shall be reduced by all sums:

1. Paid because of the **bodily injury** by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part A; and
2. Paid or payable because of the **bodily injury** under any disability benefits law or any similar law.

The most we will pay for **bodily injury** damages to an **insured** under this coverage is the lesser of:

1. the limit of bodily injury liability shown in the [Schedule or] Declarations for each person for this coverage reduced by all sums described in items 1. and 2. of the preceding paragraph; or
2. the damages sustained by the **insured** for **bodily injury** reduced by:
 - a. all sums described in items 1. and 2. in the preceding paragraph; and
 - b. all sums paid or payable because of the **bodily injury** under any workers' compensation law. However, this reduction does not apply to the extent that an employer's lien is required to be paid under North Carolina's workers' compensation law.

B. The first paragraph of **Arbitration** is deleted and replaced by the following:

If we and an **insured** do not agree:

a1. Whether that **insured** is legally entitled to recover compensatory damages from the owner or driveroperator of an **uninsured motor vehicle** or **underinsured motor vehicle**; or

b2. As to the amount of such compensatory damages;

then the **insured** may demand to settle these disputed issues by arbitration.

For purposes of an:

1. ~~Uninsured~~ ~~Motorists~~ Coverage claim, if an **insured** files a lawsuit against us or an owner or operator of an **uninsured motor vehicle** seeking damages that are the subject of the claim for ~~Uninsured~~ ~~Motorists~~ Coverage under this policy, the **insured** shall have the right to demand arbitration only if such lawsuit is filed within the time limit required by the laws of the state where the accident occurred for filing a lawsuit against the owner or operator of the **uninsured motor vehicle** for the damages arising out of the accident and only if the **insured** gives us a written demand for arbitration within thirty (30) days after the filing of such lawsuit.

2. ii. For purposes of an: ~~Underinsured~~ ~~Motorists~~ Coverage claim, if an **insured** files a lawsuit against an owner or operator of an **underinsured motor vehicle** seeking damages that are the subject of the claim for ~~Underinsured~~ ~~Motorists~~ Coverage under this policy, the **insured** shall

have the right to demand arbitration only if the **insured** gives us a written demand for arbitration within thirty (30) days after the later of:

a. The date we advance payment to the **insured** in an amount equal to a tentative settlement between the **insured** and the owner or operator of the **underinsured motor vehicle**;

b. The date any applicable liability bonds or policies have been exhausted by payments of judgments or settlements; or

c. The date the **insured** files a lawsuit against an owner or operator of an **underinsured motor vehicle** seeking damages that are the subject of the claim for ~~Underinsured~~ ~~Motorists~~ Coverage under this policy, provided that such lawsuit is filed within the time limit required by the laws of the state where the accident occurred for filing a lawsuit against the owner or operator of the **underinsured motor vehicle** for the damages arising out of the accident.

If:

1. ~~We and an **insured** do not agree:~~

a. ~~Whether that **insured** is legally entitled to recover compensatory damages from the owner or driver of an **uninsured motor vehicle** or **underinsured motor vehicle**; or~~

b. ~~As to the amount of such damages;~~

and

~~2. That **insured** has not filed a lawsuit against us to settle the dispute;~~

~~then the **insured** may demand to settle the dispute by arbitration.~~

C. Item 5. of **Arbitration** is deleted and the remaining paragraphs are renumbered appropriately, replaced by the following:

~~5.5. Any arbitration action against us must begin within the same time limit required by the laws of the state where the accident occurred for filing a lawsuit against the owner or operator of the **uninsured motor vehicle** or **underinsured motor vehicle** for the damages arising out of the accident. If the action is between an **insured** and the owner or operator of an **uninsured motor vehicle**, then the starting point for this time limit is the date on which the cause of action accrues against the owner or operator of the **uninsured motor vehicle** in the state where the accident occurred. If the action is between an **insured** and the owner or operator of an **underinsured motor vehicle**, then the starting point for this time limit is the later of the following:~~

~~a. The date we advance payment to the **insured** in an amount equal to a tentative settlement between the **insured** and the owner or operator of the **underinsured motor vehicle**; or~~

~~b. The date any applicable liability bonds or policies have been exhausted by payments of judgments or settlements.~~

4. PART D - COVERAGE FOR DAMAGE TO YOUR AUTO

Part D is amended as follows:

Exclusion 9 is changed by deleting the following:

This exclusion does not apply to the interests of Loss Payees in **your covered auto**.

5. Part F – GENERAL PROVISIONS

Part F is amended as follows:

Termination – Cancellation, Non-renewal, Automatic Termination, Other Termination Provisions is amended by adding the following to paragraph 4 of the **Cancellation Provision**:

- g. The named **insured** is no longer an eligible risk under G.S. 58-37-1.
- h. Any other reason permitted by the North Carolina General Statutes.

Other Termination Provisions is deleted and replaced by the following:

- 1. If the law in effect in North Carolina at the time this policy is issued, renewed or continued:
 - a. requires a longer notice period;
 - b. requires a special form of or procedure for giving notice;
 - c. modifies any of the stated termination reasons; or;
 - d. adds any additional termination reasons;
 we will comply with those requirements and this policy shall be deemed amended to include any such change in the law.
- 2. Proof of mailing of any notice shall be sufficient proof of notice.
- 3. If the named **insured** or a premium finance company cancels this policy, the premium owed or premium refund due will be calculated according to the short rate provisions contained in our manuals. If we cancel this policy, any premium owed or premium refund will be calculated on a pro-rata basis. However, making or offering to make the refund is not a condition of cancellation.

4. The effective date of cancellation stated in the notice shall become the end of the policy period.

Amendatory Endorsement

This endorsement is a part of your policy. Except for the changes it makes, all other terms of the policy remain the same and apply to this endorsement.

1. Part A - LIABILITY COVERAGE

Part A is amended as follows:

Exclusion 2. is deleted and replaced by the following:

We do not provide Liability Coverage for any **insured**:

2. For **property damage** to property:
 - a. owned in whole or in part by that **insured**; or
 - b. being transported by that **insured**;

2. Part C1 - UNINSURED MOTORISTS COVERAGE

Part C1 is amended as follows:

- A. The third paragraph of **Limit of Liability** is deleted and replaced by the following:

The limits of bodily injury liability shown in the [Schedule or] Declarations for each person and each accident for this coverage shall be reduced by all sums:

1. Paid because of the **bodily injury** by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part A; and
2. Paid or payable because of the **bodily injury** under any disability benefits law or any similar law.

The most we will pay for **bodily injury** damages to an **insured** under this coverage is the lesser of:

1. the limit of bodily injury liability shown in the [Schedule or] Declarations for each person for this coverage reduced by all sums described in items 1. and 2. of the preceding paragraph; or

2. the damages sustained by the **insured** for **bodily injury** reduced by:

- a. all sums described in items 1. and 2. in the preceding paragraph; and
- b. all sums paid or payable because of the **bodily injury** under any workers' compensation law. However, this reduction does not apply to the extent that an employer's lien is required to be paid under North Carolina's workers' compensation law.

The limit of property damage liability under this coverage shall be reduced by all sums paid because of the **property damage** by or on behalf of persons or organizations who may be legally responsible. This includes all sums payable under Part A.

- B. The first paragraph of **Arbitration** is deleted and replaced by the following:

If we and an **insured** do not agree:

1. Whether that **insured** is legally entitled to recover compensatory damages from the owner or operator of an **uninsured motor vehicle**; or
2. As to the amount of such compensatory damages;

then the **insured** may demand to settle these disputed issues by arbitration. If an **insured** files a lawsuit against us or an owner or operator of an **uninsured motor vehicle** seeking damages that are the subject of the claim for Uninsured Motorists Coverage under this policy, the **insured** shall have the right to demand arbitration only if such lawsuit is filed within the time limit required by the law

of the state where the accident occurred for filing a lawsuit against the owner or operator of the **uninsured motor vehicle** for the damages arising out of the accident and only if the **insured** gives us a written demand for arbitration within (30) days after the filing of such lawsuit.

C. Item 5. of **Arbitration** is deleted and the remaining paragraphs are renumbered appropriately.

3. Part C2 - COMBINED UNINSURED/UNDER-INSURED MOTORISTS COVERAGE

Part C2 is amended as follows:

A. The fourth and fifth paragraphs of **Limit of Liability** are deleted and replaced by the following:

The limits of bodily injury liability shown in the [Schedule or] Declarations for each person and each accident for this coverage shall be reduced by all sums:

1. Paid because of the **bodily injury** by or on behalf of persons or organizations who may be legally responsible. This includes all sums paid under Part A; and
2. Paid or payable because of the **bodily injury** under any disability benefits law or any similar law.

The most we will pay for **bodily injury** damages to an **insured** under this coverage is the lesser of:

1. the limit of bodily injury liability shown in the [Schedule or] Declarations for each person for this coverage reduced by all sums described in items 1. and 2. of the preceding paragraph; or
2. the damages sustained by the **insured** for **bodily injury** reduced by:

- a. all sums described in items 1. and 2. in the preceding paragraph; and
- b. all sums paid or payable because of the **bodily injury** under any workers' compensation law. However, this reduction does not apply to the extent that an employer's lien is required to be paid under North Carolina's workers' compensation law.

B. The first paragraph of **Arbitration** is deleted and replaced by the following:

If we and an **insured** do not agree:

1. Whether that **insured** is legally entitled to recover compensatory damages from the owner or operator of an **uninsured motor vehicle** or **underinsured motor vehicle**; or
2. As to the amount of such compensatory damages;

then the **insured** may demand to settle these disputed issues by arbitration.

For purposes of an:

1. Uninsured Motorists Coverage claim, if an **insured** files a lawsuit against us or an owner or operator of an **uninsured motor vehicle** seeking damages that are the subject of the claim for Uninsured Motorists Coverage under this policy, the **insured** shall have the right to demand arbitration only if such lawsuit is filed within the time limit required by the laws of the state where the accident occurred for filing a lawsuit against the owner or operator of the **uninsured motor vehicle** for the damages arising out of the accident and only if the **insured** gives us a written demand for arbitration

within thirty (30) days after the filing of such lawsuit.

2. Underinsured Motorists Coverage claim, if an **insured** files a lawsuit against an owner or operator of an **underinsured motor vehicle** seeking damages that are the subject of the claim for Underinsured Motorists Coverage under this policy, the **insured** shall have the right to demand arbitration only if the **insured** gives us a written demand for arbitration within thirty (30) days after the later of:
 - a. The date we advance payment to the **insured** in an amount equal to a tentative settlement between the **insured** and the owner or operator of the **underinsured motor vehicle**;
 - b. The date any applicable liability bonds or policies have been exhausted by payments of judgments or settlements; or
 - c. The date the **insured** files a lawsuit against an owner or operator of an **underinsured motor vehicle** seeking damages that are the subject of the claim for Underinsured Motorists Coverage under this policy, provided that such lawsuit is filed within the time limit required by the laws of the state where the accident occurred for filing a lawsuit against the owner or operator of the **underinsured motor vehicle** for the damages arising out of the accident.

C. Item 5. of **Arbitration** is deleted and the remaining paragraphs are renumbered appropriately.

4. PART D - COVERAGE FOR DAMAGE TO YOUR AUTO

Part D is amended as follows:

Exclusion 9 is changed by deleting the following:

This exclusion does not apply to the interests of Loss Payees in **your covered auto**.

5. Part F – GENERAL PROVISIONS

Part F is amended as follows:

Termination – Cancellation, Non-renewal, Automatic Termination, Other Termination Provisions is amended by adding the following to paragraph 4 of the **Cancellation Provision**:

- g. The named **insured** is no longer an eligible risk under G.S. 58-37-1.
- h. Any other reason permitted by the North Carolina General Statutes.

Other Termination Provisions is deleted and replaced by the following:

1. If the law in effect in North Carolina at the time this policy is issued, renewed or continued:
 - a. requires a longer notice period;
 - b. requires a special form of or procedure for giving notice;
 - c. modifies any of the stated termination reasons; or;
 - d. adds any additional termination reasons;

we will comply with those requirements and this policy shall be deemed amended to include any such change in the law.

2. Proof of mailing of any notice shall be sufficient proof of notice.
3. If the named **insured** or a premium finance company cancels this policy, the premium owed or premium refund due will be calculated according to the short rate provisions contained in our manuals. If we cancel this policy, any premium owed or premium refund will be calculated on a pro-rata basis. However, making or offering to make the refund is not a condition of cancellation.
4. The effective date of cancellation stated in the notice shall become the end of the policy period.